

SENT BY:

2-12-93 : 15:09 ;

SF PHOSPHATES-

801 359 3940:# 1/11

SF PHOSPHATES LIMITED COMPANY

A UTAH LIMITED LIABILITY COMPANY

9401 North Highway 191

Vernal, UT 84078-7802

(801) 789-7795

FAX (801) 789-2944

DATE: 2-12-93

TIME: 3:00

SUBJECT: Reclamation Bond

M/047/007

TO:

Tony GALLEGOS

D.O.G.M.

359-3940

FROM:

R Ryan

NUMBER OF PAGES: _____ (Including Cover Page)

TELECOPIER OPERATOR: _____

If you do not receive all pages, please call (801) 789-7795.

c:fax

MR FORM 5

EXHIBIT "B"

October 1991

Bond Number _____
Permit Number _____
Mine Name _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS and MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

THE MINED LAND RECLAMATION ACT**SURETY BOND**

The undersigned SF Phosphates Limited Company
as Principal, and Johnson and Higgins
as Surety, hereby jointly and severally bind ourselves, our heirs,
administrators, executors, successors and assigns, jointly and
severally, unto the State of Utah, Division of Oil, Gas and Mining
(Division) in the penal sum of Two Million Twenty Four Thousand Dollars
dollars (\$ 2,024,000).

Principal has estimated in the Mining and Reclamation Plan approved
by the Division on the _____ day of _____, 19____, that _____
acres of land will be disturbed by mining operation in the State of
Utah.

A description of the disturbed land is attached hereto as "Attachment 1"

The condition of this obligation is that if the Division determines
that Principal has satisfactorily reclaimed the disturbed lands in
accordance with approved Mining and Reclamation Plan and has faithfully
performed all requirements of the Mined Land Reclamation Act, and
complied with the Rules and Regulations adopted in accordance therewith,
then this obligation shall be void; otherwise it shall remain in full
force and effect.

If the Mining and Reclamation Plan provides for periodic partial
reclamation of the disturbed lands, and if the lands are reclaimed in
accordance with such Plan, Act and regulations, then Principal may apply
for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan provides for a
gradual increase in the area disturbed or the extent of disturbance,
then, the Division may require that the amount of this Surety Bond be
increased, with the written approval of the Surety.

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MR-5
Exhibit B

Bond Number _____
Permit Number M/047/007
Mine Name Vernal Phosphate Operation

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns to guarantee said obligation and to indemnify, defend and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

Date _____

SF Phosphates Limited Company
Principal (Permittee)

By (Name Typed): James Williams

Title: Vice President

Signature: _____

Date _____

Surety

By (Name Typed): _____

Title: _____

Signature: _____

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Exhibit B

Bond Number _____
Permit Number M/047/007
Mine Name Vernal Phosphates Operation

"ATTACHMENT 1"

SF Phosphates Limited Company
Operator

Vernal Phosphate Operation
Mine Name

M/047/007
Permit Number

Uintah County, Utah

The legal description of lands to be disturbed is:

OK Lands to be disturbed are in Uintah County, Utah and include portions of:

- ✓ SE 1/4 Section 18, Township 2 South, Range 22 East, SLBM
- ✓ NE 1/4 Section 19, Township 2 South, Range 22 East, SLBM
- ✓ SE 1/4 Section 19, Township 2 South, Range 22 East, SLBM
- ✓ NE 1/4 Section 30, Township 2 South, Range 22 East, SLBM
- ✓ SE 1/4 Section 30, Township 2 South, Range 22 East, SLBM
- ✓ Section 31, Township 2 South, Range 22 East, SLBM
- ✓ SE 1/4 Section 36, Township 2 South, Range 21 East, SLBM
- ✓ NW 1/4 Section 17, Township 2 South, Range 22 East, SLBM
- ✓ SW 1/4 Section 17, Township 2 South, Range 22 East, SLBM
- ✓ Section 20, Township 2 South, Range 22 East, SLBM
- ✓ NE 1/4 Section 29, Township 2 South, Range 22 East, SLBM
- ✓ NW 1/4 Section 29, Township 2 South, Range 22 East, SLBM
- ✓ SW 1/4 Section 29, Township 2 South, Range 22 East, SLBM
- ✓ NW 1/4 Section 32, Township 2 South, Range 22 East, SLBM
- ✓ SW 1/4 Section 32, Township 2 South, Range 22 East, SLBM
- ✓ NE 1/4 Section 1, Township 3 South, Range 21 East, SLBM
- ✓ NW 1/4 Section 5, Township 3 South, Range 22 East, SLBM
- ✓ NW 1/4 Section 6, Township 3 South, Range 22 East, SLBM
- ✓ NE 1/4 Section 6, Township 3 South, Range 22 East, SLBM

See Attached Map

WAITING FOR

FORM MR-RC

Revised October 23, 1991
RECLAMATION CONTRACTFile Number M/047/007

Effective Date _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS and MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below
are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/047/007

(Mineral Mined) Phosphates

"MINE LOCATION":

(Name of Mine)

(Description)

Vernal Phosphates Opns

11 miles N. of Vernal

Utah in Uintah County

"DISTURBED AREA":

(Disturbed Acres)

(Legal Description)

df
861.7

(refer to Attachment "A")

"OPERATOR":

(Company or Name)

(Address)

SF Phosphates Limited Co.

9401 N. Hwy 191

Vernal, UT 84078-7802

(Phone)

(801)789-7795

"OPERATOR'S REGISTERED AGENT":(Name)
(Address)SF Phosphates Limited Company
9401 N. Hwy 191
Vernal, UT 84078-7802

(Phone)

(801)789-7795**"OPERATOR'S OFFICER(S)":**James Williams, Vice President**"SURETY":**(Form of Surety - Exhibit B) Surety Bond**"SURETY COMPANY":**(Name, Policy or Acct. No.) Johnson and Higgins

WAITING FOR

#

"SURETY AMOUNT":

(Escalated Dollars)

\$ 2,024,000 ✓**"ESCALATION YEAR":**1996**"STATE":**State of Utah**"DIVISION":**Division of Oil, Gas and Mining**"BOARD":**Board of Oil, Gas and Mining**EXHIBITS:**

A "DISTURBED AREA":

B "SURETY":

Revision Dates:

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between SF Phosphates Ltd. Co. the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/047/007 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.

13. This contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

James Williams

Authorized Officer (Typed or Printed)

OK

Authorized Officer's Signature

Date

SO AGREED this _____ day of _____, 19____.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

By _____

James W. Carter, Chairman
Utah State Board of Oil, Gas and Mining

OPERATOR:

SF Phosphates Limited Company
Operator Name

By: James Williams, Vice President
Corporate Officer - Position

Date

STATE OF _____)
COUNTY OF _____) ss:

On the _____ day of _____, 19____,
personally appeared before me, who being duly sworn did say that he/she,
the said _____ is the _____ of
_____ and duly acknowledged that said instrument
was signed on behalf of said company by authority of its bylaws or a
resolution of its board of directors and said _____
duly acknowledged to me that said company executed the same.

Notary Public
Residing at: _____

My Commission Expires:

ATTACHMENT "A"

SF Phosphates Limited Company
Operator

Vernal Phosphate Operation
Mine Name

M/047/007
Permit Number

Uintah County, Utah

The legal description of lands to be disturbed is:

Lands to be disturbed are in Uintah County, Utah and include portions
of:

SE 1/4 Section	18, Township 2 South, Range 22 East, SLBM
NE 1/4 Section	19, Township 2 South, Range 22 East, SLBM
SE 1/4 Section	19, Township 2 South, Range 22 East, SLBM
NE 1/4 Section	30, Township 2 South, Range 22 East, SLBM
SE 1/4 Section	30, Township 2 South, Range 22 East, SLBM
SE 1/4 Section	31, Township 2 South, Range 22 East, SLBM
SE 1/4 Section	36, Township 2 South, Range 21 East, SLBM
NW 1/4 Section	17, Township 2 South, Range 22 East, SLBM
SW 1/4 Section	17, Township 2 South, Range 22 East, SLBM
SW 1/4 Section	20, Township 2 South, Range 22 East, SLBM
NE 1/4 Section	29, Township 2 South, Range 22 East, SLBM
NW 1/4 Section	29, Township 2 South, Range 22 East, SLBM
SW 1/4 Section	29, Township 2 South, Range 22 East, SLBM
NW 1/4 Section	32, Township 2 South, Range 22 East, SLBM
SW 1/4 Section	32, Township 2 South, Range 22 East, SLBM
NE 1/4 Section	1, Township 3 South, Range 21 East, SLBM
NW 1/4 Section	5, Township 3 South, Range 22 East, SLBM
NW 1/4 Section	6, Township 3 South, Range 22 East, SLBM
NE 1/4 Section	6, Township 3 South, Range 22 East, SLBM

See Attached Map

- NEED TO REVIEW
THIS SECTION

The following list explains acreages listed in the 1993 Bonding Summary, and compares these acreages to those listed in the 1985 bond summary. In most cases the derivation of acreages in the 1985 summary can only be presumed.

Panel C, Miscellaneous

The 101 acres of nonmining disturbance in Panel C includes access roads, conveyor belt area and related area which cannot feasible be reclaimed at this time.

In the 1985 bond parts of this acreage were apparently included as part of "Conveyor with Tunnel to Panel D" part of "Access Road to Panels D and E" and also perhaps as part of "SAG Mill area".

Panel D-Miscellaneous

The 25 acres remaining disturbed in Panel D includes access roads and storage areas that are not practicle to reclaim at this time.

In the 1985 bond this area included parts of the "Conveyor with Tunnel to Panel D" and part of "Access Road to Panels D and E".

Future Mining

The 180 maximum acres to be disturbed by mining in the next 3 years will occur in panels B, C, and D.

The 1985 bond estimated 1130 acres disturbance in 5 years mining on the basis of a predicted expansion. The expansion did not occur and none is currently planned.

SAG Mill and Mine Shop

A total of 21.2 acres includes the areas surrounding the SAG mill and the mine shop. The boundaries of these areas were crudely delineated on the facility map, and the area then measured from the map.

The 1985 bond described 50 acres for the "SAG Mill Area". This figure apparently included the SAG mill and the mine shop as well as roads and some of the 101 acres identified in Panel C-Miscellaneous above.

Plant Facilities

The 24 acres including and surrounding the concentrator and main office was measured from estimated boundaries crudely delineated the map.

The 1985 bond estimated 50 acres as "Plant facilities/concentrator Area". This area may include some surrounding areas that have been reclaimed.

Unpaved Roads

An estimated 18 acres of disturbance are attributed to unpaved roads. This figure is based on an approximation of 10 miles of road that is 15 feet wide.

The 1985 bond lists 68 acres of paved and unpaved roads. This

apparently included paved as well as unpaved roads and perhaps assumed the non-existent expansion.

Paved Roads

Paved roads account for 11 acres of disturbance. Paved roads on the minesite were measured by car odometer as 3 miles in total length. The average width was estimated at 30 feet.

The 1985 bond did not distinguish paved from unpaved road acreage.

Tailings Pond- Miscellaneous Areas

The 43 acres of miscellaneous disturbance associated with the tailings pond primarily includes the dam surface. The figure was derived from map measurements.

The 1985 bond figured 91 acres of "Tailings Pond-Miscellaneous Areas". This figure ostensibly includes in addition to the dam surface, the dam backslope and several other nearby areas that have been reclaimed.

Pipeline

The 2.5 acres indicated as pipeline represents the maximum acreage likely to be disturbed in the event repairs are ever needed to the buried pipeline.

The 1985 bond indicated 7.5 acres as "Pipeline Leaving the Property". This area has been reclaimed.

Demolition

Demolition figures remain the same as the 1985 bond and Revised MRP Aug. 1984.